

## **Slavery Reparations FAQ**

### **1. What are Slavery Reparations (also known as Black Investment Tax), and are African Americans entitled to them?**

Slavery reparations – also known as black tax, black investment tax and black inheritance tax, among other terms – is the idea that African Americans should receive repayment for historical slavery. Currently, there is no law that allows the payment of reparations. Therefore, neither the IRS nor any other federal agency can pay any form of reparations, black tax, black investment tax, refunds or credits to African Americans for slavery.

Right after the Civil War, Congress had voted to provide former slaves with 40 acres and a mule as repayment for their years in slavery, but this was vetoed by then-President Andrew Johnson and never became a law.

### **2. Is it true that a credit is due to African Americans, but the IRS doesn't want it publicized – so don't call the IRS for information, just apply?**

It is not true that a credit is due to African Americans – this is a hoax. There is no provision in tax law that allows for any form of reparations payable to African Americans for slavery. Some unscrupulous people who charge taxpayers a fee to prepare and/or file claims for reparations simply don't want their potential victims to learn the truth. Taxpayers who have questions about tax laws should contact a trusted tax professional or call 1-800-829-1040 toll free to receive assistance from IRS representatives.

### **3. Will individuals who file for reparation credits be penalized or prosecuted by the IRS?**

Under a new policy, which will begin on April 15, 2002, the IRS will first send a warning letter to the individual. The letter will state that the claim has no basis in law and will offer an opportunity to correct the return or withdraw the claim with no penalty imposed. Those who don't agree to do so will face a \$500 frivolous filing penalty, allowable under Section 6702 of the Internal Revenue Code. Previously, an individual could submit more than one slavery reparations claim before the penalty was imposed. However, some promoters are encouraging people to file repeat claims, so the IRS had to develop a new policy.

### **4. Is the \$500 penalty assessed against people who file other, non-reparations claims?**

The \$500 penalty is assessed against anyone who files a frivolous return or claim, not just those dealing with slavery reparations.

### **5. If I've given a tax preparer my power of attorney and he files a reparation claim on my behalf without my knowledge, could I be penalized by the IRS?**

A power of attorney is a signed document that authorizes the recipient to act on your behalf. Therefore, you are responsible for whatever actions the recipient takes on your behalf. This means you could be held liable for a frivolous return filed on your behalf – even without your prior knowledge – by someone to whom you've given your power-of-attorney and you could be fined \$500. It is usually not a good idea to give anyone your power-of-attorney or access to your financial data unless you really trust them.

**6. In many communities, individuals are charging fees to prepare tax returns for reparations. What is IRS's advice to "would be followers"?**

Don't be misled by tax scam operators. If a tax benefit sounds too good to be true, it usually is. Check it out with your local IRS office first.

**7. Scam operators are distributing flyers and hosting fee-based seminars in many areas to entice African Americans to apply for this "would be credit." What, if anything, is being done to put these people out of business? Will they be prosecuted?**

The IRS has zero tolerance for illegal refund schemes and will prosecute promoters of such schemes. Promoters of reparations returns have been convicted, fined and imprisoned. For example, one person was sentenced to almost 5 years in prison for filing false claims. The IRS continues to investigate promoters for possible criminal prosecution or civil action.

**8. If someone has filed a claim, what should they do now?**

Contact IRS representatives at 1-800-829-1040 toll free for assistance. . If taxpayers have information about a tax scam involving reparations, they should call the IRS at 1-800-829-0433.

**9. Copies of IRS refund checks are being circulated in some communities. If the credit is not legitimate, why are checks being issued?**

In some cases, the IRS may have mistakenly processed reparation claims. Since millions of refunds are issued yearly, a small number of refunds are issued in error. The IRS will contact any taxpayer who received an erroneous refund to arrange repayment.

The IRS has rejected thousands of reparation claims since 1994. The IRS Refund Fraud Branch monitors activity for suspected illegal refunds.

**10. What happens to the few individuals who received refund checks based on these claims? Will IRS contact them?**

The IRS will contact any taxpayer who received an erroneous refund to arrange repayment.

**11. Since this scheme is not new, why hasn't IRS done something to stop it?**

The IRS has developed special teams trained to watch for suspicious returns. The IRS is also contacting African American church groups and other organizations to provide information on the schemes to them. The IRS will continue to prosecute scheme promoters. The IRS has also issued press releases, put information on the IRS Web site and communicated directly with African Americans who filed reparations returns.